GOVERNMENT OF INDIA
HOUSING AND URBAN POVERTY ALLEVIATION
LOK SABHA

STARRED QUESTION NO:214
ANSWERED ON:30.11.2016
Real Estate Rules
Karandlaje Km. Shobha;Reddy Shri Midhun

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

(a) whether homebuyers have raised concerns over the Real Estate Regulatory Act/Rules in failing to protect their interests rights and if so, the major concerns/grievances of the homebuyers;
(b) whether it is mandatory for developers to set aside 70 per cent of the funds collected from buyers in a separate account and use that solely for funding the construction of the project and if so, the details thereof;

(c) whether homebuyers have desired that the developers should deposit 70 per cent of the unspent money collected from buyers in an escrow account and if so, the details thereof;
(d) whether the builders are reluctant to open escrow account and if so, the action taken against such builders; and
(e) whether the model rules have been framed for protection of homebuyers and if so, the details thereof?

Answer

THE MINISTER OF HOUSING & URBAN POVERTY ALLEVIATION

(SHRI M. VENKAIAH NAIDU)

(a) to (e): A Statement is laid on the Table of the Sabha.

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STATEMENT

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 214 FOR 30.11.2016 REGARDING REAL ESTATE RULES

(a): The Ministry had received suggestions from various stakeholders, including consumers and their organizations on the Real Estate Bill and the Draft Rules for Union Territories (UTs) without Legislature, prepared under the Real Estate (Regulation and Development) Act, 2016, which have been reviewed and suitably incorporated.

(b): Under Section 4 of the Real Estate (Regulation and Development) Act, 2016, it is mandatory for promoters of real estate projects registered under the Act to deposit 70 per cent of the money collected from the buyers in a separate account for the purposes of construction and land cost.

(c): Consumer associations had demanded that 70 per cent of unspent money collected from buyers in regard to ongoing projects should be deposited in a separate account. The Ministry has suitably incorporated this provision in the Real Estate (Regulation and Development) (General) Rules, 2016 for the Union Territories (UTs) without Legislature, for which it is the appropriate Government.

(d): Section 4 of the Real Estate (Regulation and Development) Act, 2016 which makes it mandatory for promoters to open a separate account to set aside 70 per cent of the funds collected from buyers, is yet to be notified.

(e): Ministry of Housing and Urban Poverty Alleviation (Mo/HUPA) being the 'appropriate Government' for Union Territories (UTs) without legislature, notified the Real Estate (Regulation and Development) (General) Rules, 2016 and the Real Estate (Regulation and Development) (Agreement for Sale) Rules, 2016 on 31.10.2016.

All the State Governments are similarly required to frame Rules under this Act and also establish the Real Estate Regulatory Authority and Appellate Tribunal, to regulate and develop the real estate sector, for their respective States. Government of Uttar Pradesh and Government of Gujarat have notified the sub-ordinate Rules under the Real Estate (Regulation and Development) Act, 2016 within the prescribed time limit. UT of Puducherry has published the draft Rules in October, 2016, inviting comments/suggestions from public and stakeholders. UT of Chandigarh has informed that they are in the process of establishing an interim regulator. UT of Dadra and Nagar Haveli has informed that being a small territory and having a small administration consisting of very few officers, UT of Dadra & Nagar Haveli may be tagged along with the Real Estate Regulatory Authority and Appellate Tribunal of Maharashtra State.

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